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THE Wool SITUATION

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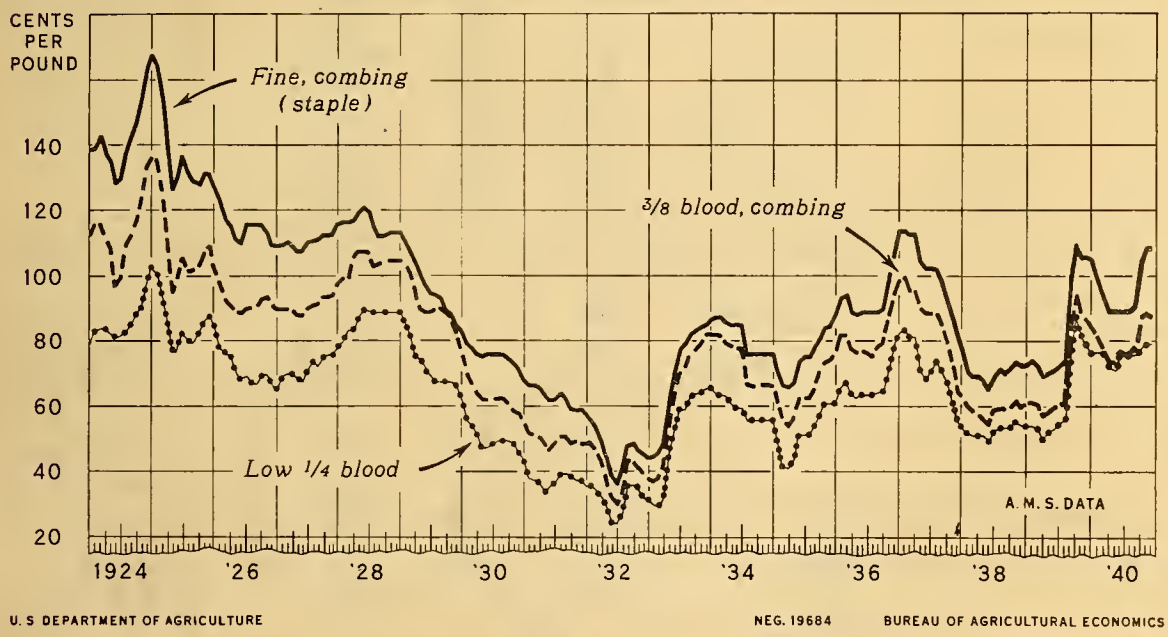
WOOL-49 BAE JANUARY 1941

WOOL, TERRITORY, SCOURED BASIS: AVERAGE PRICES AT BOSTON, 1924-40



DOMESTIC WOOL PRICES ADVANCED SHARPLY IN THE FALL OF 1940, AND PRICES AT THE END OF THE YEAR WERE SLIGHTLY HIGHER THAN A YEAR EARLIER. THE GREATER RISE IN PRICES OF FINE AND MEDIUM GRADES OF DOMESTIC WOOL REFLECTED LARGELY THE INCREASED MILL DEMAND FOR THESE GRADES TO FILL ARMY CONTRACTS FOR UNIFORM CLOTH, AND THE RELATIVELY SMALL SUPPLIES OF WOOL ON HAND IN THIS COUNTRY. THE ANNOUNCEMENT IN NOVEMBER THAT THE ARMY WOULD ACCEPT CLOTH MADE FROM FOREIGN WOOLS AND THE RECEIPT OF FOREIGN WOOLS IN LARGE QUANTITY TO SUPPLEMENT THE DOMESTIC SUPPLY HAVE CHECKED THE ADVANCE IN PRICES OF DOMESTIC WOOL.

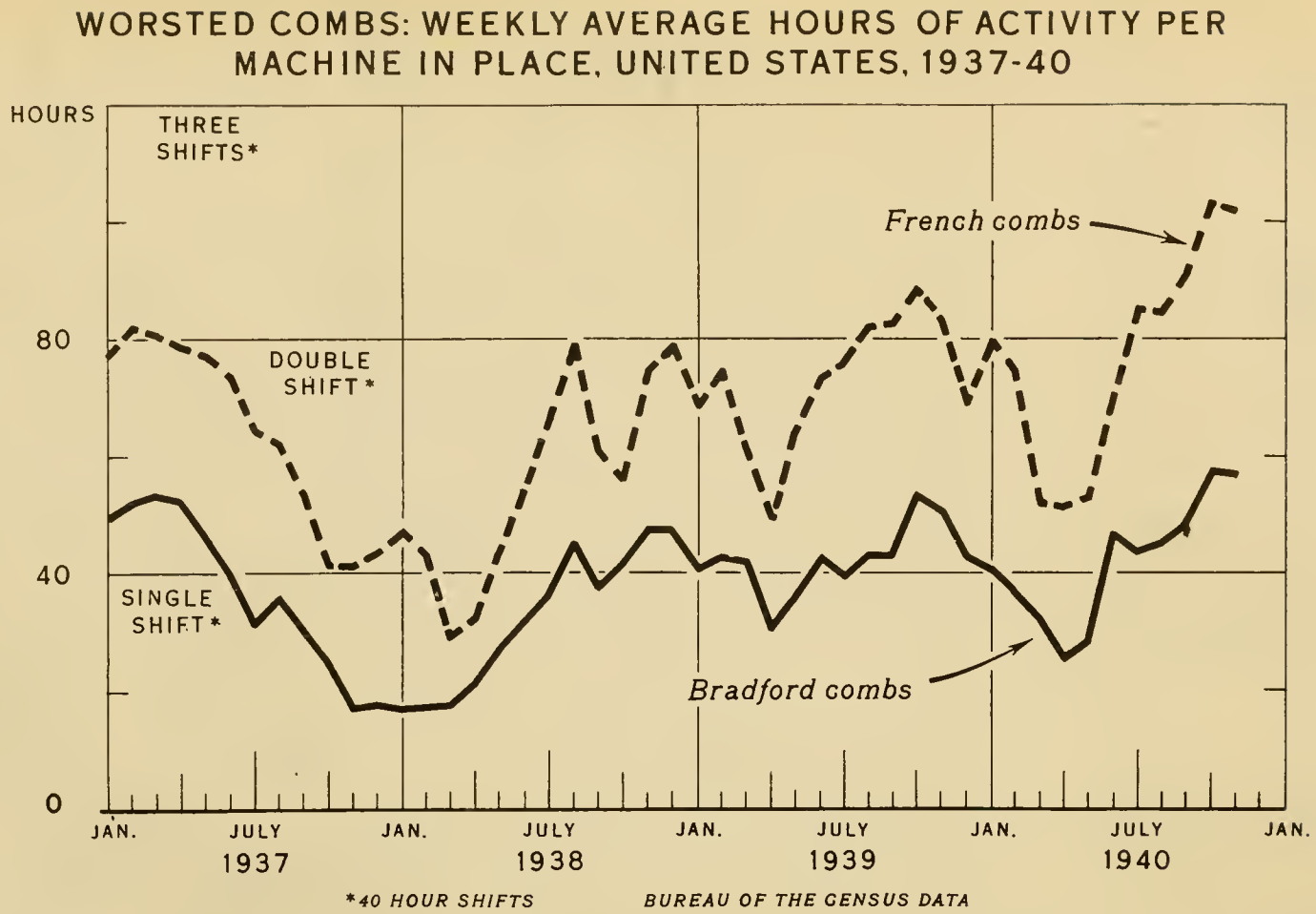


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FIG. 1- THE PREPARATION OF WOOL TO FILL ARMY CONTRACTS HAS RESULTED IN RECORD ACTIVITY IN THE FRENCH COMBING SECTION OF THE WOOL MANUFACTURING INDUSTRY. ACTIVITY OF FRENCH COMBS IN OCTOBER WAS EQUIVALENT TO 103 HOURS A WEEK FOR EACH COMB IN PLACE. ALLOWING FOR MACHINES NOT IN USE, IT IS LIKELY THAT THIS BRANCH OF THE INDUSTRY WORKED CLOSE TO THREE-SHIFT CAPACITY DURING THE FINAL QUARTER OF 1940. THE CAPACITY OF BRADFORD COMBS APPARENTLY IS MORE ADEQUATE FOR RECENT COMBING REQUIREMENTS.

THE WOOL SITUATION

Summary

The limited offerings of fine and 1/2 blood domestic wools and the relatively lower prices of foreign wools which are now arriving in quantity were important factors restricting the sale of domestic wools in December. Sales of domestic wool at Boston were small. Prices did not change materially.

Imports of wool probably will continue large in the first quarter of 1941. But with a high level of wool consumption in prospect in the next several months the carry-over of wool in the United States at the beginning of the new marketing season (April 1, 1941) is likely to be relatively small.

Mill consumption of apparel wool in November continued the upward trend of earlier months. The November rate of consumption was 8 percent higher than that of October and was the highest on record for the industry. Consumption on a scoured basis in the first 11 months of 1940 was about 2 percent larger than in the same months of 1939, and with the exception of 1935 was the largest consumption for the 11-month period since 1923.

United States imports of apparel wool for consumption totaled 181.8 million pounds in the first 11 months of 1940, compared with 82.3 million pounds in the same months of the previous year. The January-November imports were the largest for those months since 1923. Imports of carpet wool in the first 11 months of 1940 were smaller than in the same months of 1939.

The South American wool markets were moderately active in December and further price advances were reported on fine grades of wool. The United States has been the principal buyer in South American markets in the new season which opened October 1. Of a total of 57 million pounds

of wool exported from Argentina and Uruguay in October and November, 54 million pounds were shipped to the United States.

-- January 10, 1941

REVIEW OF RECENT DEVELOPMENTS

Prices of domestic wool show little change in December

Wool prices at Boston did not change materially during December, although slight declines were reported on some grades. The relatively small market supplies of fine and 1/2 blood domestic wools, and the relatively lower prices of foreign wools, were important factors restricting the movement of domestic wools in December.

Boston quotations on graded fine combing (staple) territory wools remained unchanged at $1.085 per pound throughout December, but prices of most territory wools declined 1 to 2 cents a pound, scoured basis, during the month. Prices of 3/8 blood combing territory wools averaged 86.5 cents a pound the last week of December, compared with 88.5 cents a month earlier and 84 cents a year earlier. Country packed mixed lots of 3/8 and 1/4 blood bright fleece wools, stored in Boston and available for immediate use, were sold in small quantities in December at 45 cents a pound grease basis. Similar wools stored in the Midwest were sold at 42-43 cents in the grease, delivered to eastern markets. Prices of graded fleece wools were largely nominal in December because of the small sales.

The United States average price of wool received by farmers was 31.2 cents a pound on December 15 compared with 31.5 cents on November 15 and 27.5 cents on December 15, 1939.

Foreign wools sold at higher prices at Boston

Foreign apparel wools predominated in the sales on the Boston market in December. South American wools provided the bulk of the available supply of fine and 1/2 blood wools. Receipts of South American wools have been fairly large in recent weeks and prices at Boston have not changed materially on these wools. Arrivals of Australian wools were delayed in late 1940 and prices of spot Australian wools at Boston advanced 3 to 6 cents a pound, scoured basis, in the early part of December. Australian wools began to arrive at United States ports in considerable quantities in December, and prices at the end of the month were slightly below the peak.

Imports continue large in November

Imports of apparel wool for consumption 1/ totaled 23.3 million pounds in November compared with 25.6 million pounds in October and 11.9

1/ Wool entered for immediate consumption plus wool withdrawn from bonded warehouses for consumption.

million pounds in November 1939. Imports from January through November 1940 totaling 181.8 million pounds were about 100 million pounds larger than imports in the corresponding period in 1939, and were larger than in any recent year. Wools grading finer than 56s continued in November to form the greater part of the apparel wool imports. About 118 million pounds of wools grading finer than 56s were imported in the first 11 months of 1940.

Imports of carpet wool increased in November and were slightly larger than in November 1939. Imports of carpet wool in the first 11 months of 1940 totaled 119.8 million pounds compared with 135 million pounds in the same months last year and a 5-year (1934-38) average for those months of 116 million pounds.

Mill consumption of apparel wool high in November

The weekly average mill consumption of apparel wool in November was 8,455,000 pounds, scoured basis. The November rate of consumption was 8 percent higher than that of October and was the highest rate for any month in the 13 years of record. The highest rate previously reported was that of March 1918, when consumption averaged 8,410,000 pounds per week. Because of the smaller number of working days in November, total consumption for the month was slightly smaller than in October.

Consumption of apparel wool, on a scoured basis, in the first 11 months of 1940 was about 2 percent larger than in the same months of 1939, and with the exception of 1935 was the largest consumption for the 11-month period since 1923. Because of the larger consumption of foreign wools, which are light shrinking, the consumption on a grease basis from January through November 1940 was slightly smaller than in the same months of 1939. Consumption from January through November 1940 was equivalent to 570 million pounds, greasy shorn and pulled. In the same months of 1939 consumption on a grease basis totaled 583 million pounds. Consumption of carpet wool declined slightly in November. The November consumption was smaller than that of a year earlier.

Army places orders for uniform cloth in December

Orders were placed on December 20 for substantially all wool goods to be purchased by the Army during the remainder of the fiscal year ended June 30, 1941. Offerings of materials to be made from domestic wool were relatively small in the bids submitted early in December, and the greater part of the materials ordered will be made from foreign wools. The contracts covered 1,100,000 yards of overcoating and 2,225,000 yards of suiting for the Civilian Conservation Corps, and 2,087,500 yards of flannel shirting, 6,122,000 yards of serge, 60,000 yards of elastique cloth, and 2,000,000 yards of overcoating for Army use. Delivery on these orders will extend to about August 1, 1941.

Prices higher for fine wools in South American markets

The South American wool markets were moderately active during December. Demand for fine grades of wool continued strong, and further price advances were reported on these grades. Prices of medium and coarse crossbred wools declined slightly. The United States has been the principal buyer in South American markets so far this season. Japan has purchased defective burry wools in considerable quantity, and the Swedish Government Purchase Board has bought fine and medium crossbreds to be shipped via Vladivostock.

Prices per pound, grease basis, of domestic and Uruguayan medium wools, and spread between these prices, 1939-40

Season and month	Boston 1/	Montevideo 2/	Spread	At Boston: Domestic 3/	At Boston: Uruguayan 4/	Spread
	Cents	Cents	Cents	Cents	Cents	Cents
1939-40:						
Oct.				48.8	38.5	10.3
Nov.				47.0	37.5	9.5
Dec.	46.0	24.9	21.1	46.0	34.5	11.5
Jan.	44.6	25.3	19.3	44.5	34.3	10.2
Feb.	42.4	28.8	13.6	42.4	35.5	6.9
Mar.	38.5	29.6	8.9	38.5	35.5	3.0
Apr.				36.1	33.0	3.1
May				37.1	33.0	4.1
June				39.5	33.0	6.5
July				39.5	29.5	10.0
Aug.				39.5	28.8	10.7
Sept.				41.2	28.8	12.4
1940-41:						
Week ended						
Oct. 5	43.0	5/	---	43.0	31.5	11.5
12	43.5	5/	---	43.5	31.5	12.0
19	45.5	26.0	19.5	45.5	31.5	14.0
26	46.5	25.8	20.7	46.5	31.5	15.0
Nov. 2	46.5	5/	---	46.5	31.5	15.0
9	46.5	25.8	20.7	46.5	31.5	15.0
16	46.5	29.0	17.5	46.5	32.5	14.0
23	46.8			46.5	32.5	14.0
30	46.0			46.0	33.5	12.5

Compiled as follows: Prices of domestic wool at Boston from reports of the Agricultural Marketing Service. Prices of Uruguayan (Montevideo) wool, in bond, at Boston from The Boston Commercial Bulletin. Prices at Montevideo from Revista Semanal, Camara Mercantel de Productos del Pais - Montevideo. All prices are averages of weekly range quotations. Statistics for 1936-39 published in The Wool Situation for October 1940.
1/ Average of domestic 3/8 and 1/4 blood combing, bright fleece wools. 2/ Uruguayan fine crossbreds, superior. 3/ Domestic 3/8 blood combing, bright fleece wools. 4/ Montevideo 1s (56s) in bond (before payment of duty). 5/ Not quoted.

Exports from South America above average in first 2 months of season

Exports of wool from Argentina in the first 2 months (October-November) of the current season totaled 40.4 million pounds, compared with 33.5 million pounds exported in the same months last year and a 5-year (1935-39) average for those months of 29.1 million pounds. About 39.2 million pounds or 97 percent of the total shipments in October and November 1940 went to the United States. Shipments to Japan totaled less than a million pounds.

Exports from Uruguay in October and November by principal countries of destination were as follows: United States 14,887,000 pounds, Sweden 938,000 pounds, and Japan 509,000 pounds. Small quantities were shipped to Russia, Greece, and Mexico. Total exports in October and November were twice as large as in the same months of 1939.

Exports of wool from Argentina and Uruguay in the first 2 months of the export season 1936-40

Oct.-Nov.	Argentina		Uruguay		Two countries	
	United States	Total	United States	Total	United States	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil.lb.
1935	7.8	21.2	3.4	12.3	11.2	33.5
1936	9.5	31.8	3.9	11.6	13.4	43.4
1937	1.1	15.0	--	2.6	1.1	17.6
1938	13.7	43.9	0.3	14.6	14.0	58.5
1939	22.4	33.5	5.2	8.2	27.6	41.7
1940	39.2	40.4	14.9	16.7	54.1	57.1

Compiled from commercial reports supplied by the Buenos Aires Office of Foreign Agricultural Relations.

Australian wool production

Wool production in Australia for the 1939-40 season is officially estimated at 1,109 million pounds. This is an increase of 13 percent compared with production in 1938-39 and is the largest production on record for Australia. The official estimate is slightly smaller than had been estimated on the basis of appraisals and private sales during 1939-40. Production in the current season (1940-41) is expected to be about 10 percent smaller than in 1939-40 and should total about 1 billion pounds. This would be a little larger than the 1934-38 average of 995 million pounds.

For preliminary estimates of production for 1940-41 in other Southern Hemisphere countries see The Wool Situation for December, pages 8 and 9.

Wool production in Australia 1932-40

Season July-June	Shorn wool	Skin wool	Wool exported on skins	Total
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1932-33	943.0	66.2	53.4	1,062.6
1933-34	870.1	72.0	53.8	995.9
1934-35	908.1	54.5	52.8	1,015.4
1935-36	867.3	49.6	54.2	971.1
1936-37	877.5	50.0	55.3	982.8
1937-38	914.8	48.2	60.4	1,023.4
1938-39	1/	1/	1/	983.6
1939-40	1/	1/	1/	1,109.0
1940-41				2/1,000.0

Australian Bureau of Census and Statistics except 1940-41 which is unofficial estimate based on 10 percent decline from 1939-40.
1/ Not separately reported.
2/ Preliminary.

OUTLOOK

BACKGROUND.- As indicated in earlier issues of The Wool Situation mill consumption of wool in the United States is expected to continue at a high level into 1941, and the large consumption will be accompanied by large imports during the coming winter and spring. The rapid increase in consumption since June has reflected largely the manufacture of wool for Army orders for uniform cloth and blankets. Since September, however, there has been a substantial increase in mill orders for cloth for civilian use. With production of wool goods for civilian uses in 1940 down sharply and with increased incomes of consumers in prospect, mill consumption of wool for civilian uses is likely to increase in 1941.

Carry-over on April 1, 1941 expected to be relatively small

With 4 months remaining until the opening of the 1941 domestic wool season, the supply of wool in all positions in the United States on December 1 was estimated at about 235 million pounds, grease basis. Mill consumption of wool since July has averaged about 66 million pounds a month and in November consumption exceeded 75 million pounds. Foreign wools are now arriving in large quantity to supplement the domestic supply. But with a high rate of consumption in prospect for the first quarter of 1941 the carry-over of apparel wool into the 1941 season is likely to be relatively small. The carry-over of wool on April 1, 1940, totaling 180 million pounds, grease basis, was the smallest in recent years.

Higher prices expected for 1941 domestic clip

Mill consumption of wool in the United States in 1941 will be larger than in 1940, with most of the increase in the first half of the year. This will be a strong supporting factor to domestic wool prices. Prices in this country, however, will be affected to a considerable extent by prices of foreign wool since the United States is importing wool in large quantities. Wool produced in Australia, New Zealand, and the Union of South Africa (3 of the 5 major wool-exporting countries) is under control of the British Government and is being sold at prices fixed by that Government. In the past year, the British Wool Control has followed a policy of maintaining a relatively high level of prices for wool released for export to other countries. In view of these considerations, it is expected that wool prices in the United States will average higher this spring and summer than they did a year earlier.

Since last spring, however, wool prices have advanced materially, and a maintenance of the current level of prices would mean higher average prices for the 1941 domestic clip than for the 1940 clip. Advances in wool prices from present levels are likely to be moderate, despite the prospects for a strong demand. Wool supplies in foreign countries are relatively large. Prior to the beginning of the war, the countries of the European continent imported about half of the wool entering international trade. Since last May shipments of wool to the Continent have been largely cut off by blockade. And the United States, Great Britain, and Japan are now the only important markets for wool exports from the Southern hemisphere.

Production, imports, and mill consumption of apparel wool, grease basis, in the United States, annual 1935-39, and April-November 1939-40

April-March	Production	General imports 1/	Mill consumption 2/
	Mil. lb.	Mil. lb.	Mil. lb.
1935-36	431	83	673
1936-37	427	164	582
1937-38	433	60	407
1938-39	436	49	3/551
1939-40	442	165	612
April-November			
1939	4/442	59	434
1940 5/	4/454	92	439

Production from Agricultural Marketing Service. Consumption from the Bureau of the Census. Imports from the Bureau of Foreign and Domestic Commerce. 1/ Actual weight of greasy, scoured and skin wool added together. 2/ These are preliminary consumption figures based on monthly reports. The revised totals which are somewhat larger than preliminary figures are not comparable with production statistics. 3/ 53 weeks. 4/ Production for entire year. 5/ Preliminary.

Data for chart on page 2.

Worsted combs: Weekly average hours of activity per machine in place 1937-40

Year and type	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1937												
Bradford	49.7	52.2	53.4	52.5	46.8	40.0	31.4	35.8	30.3	24.8	17.1	17.7
French	77.5	81.6	80.4	78.8	77.5	74.0	64.6	62.1	53.6	41.3	41.3	43.7
1938												
Bradford	17.0	17.4	17.8	21.1	27.4	32.1	36.6	45.2	37.8	41.7	47.9	47.8
French	47.3	43.3	29.7	32.7	43.3	54.0	66.3	79.0	60.7	56.1	75.0	79.0
1939												
Bradford	40.7	42.8	42.1	30.9	36.0	42.5	39.4	43.0	43.0	53.4	50.5	42.6
French	68.8	74.8	61.5	49.6	64.4	73.6	76.1	82.2	82.8	88.3	83.1	69.6
1940												
Bradford	[illegible]	37.0	32.2	25.3	28.7	46.9	43.6	45.3	48.4	57.4	57.2	
French	[illegible]	74.8	52.5	51.8	53.1	70.0	85.4	84.9	91.6	103.1	101.8	

Compiled from machinery activity reports, Bureau of the Census.

United States: Wool imports, consumption, and machinery activity, selected periods 1938-40

Item	Year 1938	Year 1939	Jan.-Nov. 1939	Jan.-Nov. 1940	Nov. 1939	Oct. 1940	Nov. 1940
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption, actual weight 1/:							
Apparel	30,811	98,194	82,303	181,808	11,874	25,598	23,293
Finer than 40s	18,443	74,612	59,913	160,704	9,977	22,818	20,765
Not finer than 40s	12,369	23,582	22,390	21,104	1,897	2,780	2,528
Carpet, including camels hair	71,908	144,874	135,035	119,832	10,602	8,147	11,081
Mill consumption 2/:							
Grease basis 3/ -							
Apparel	474,527	630,150	583,164	569,935	57,750	84,618	71,610
Carpet	92,736	148,513	137,588	124,138	13,401	16,329	12,958
Scoured basis -							
Aggregate -							
Apparel	219,565	293,083	270,705	276,009	26,436	39,240	33,821
Carpet	64,945	103,421	95,756	88,496	9,238	11,387	8,969
Weekly average -							
Apparel	4,143	5,636	5,640	5,750	6,609	7,848	8,455
Carpet	1,225	1,989	1,995	1,844	2,310	2,277	2,242
	Weekly average in hours						
Machinery activity 2/:							
Hours operated per machine in place -							
Worsted combs	39.8	51.8	51.8	53.4	60.7	72.5	71.8
Worsted spindles	26.9	39.6	39.6	36.5	49.7	51.0	50.6
Woolen spindles	30.6	39.8	39.6	42.0	45.1	52.0	53.6
Woolen and worsted looms -							
Broad	28.1	40.7	40.1	37.5	47.7	45.9	52.1
Narrow	10.5	13.2	13.0	13.5	20.0	16.5	15.3
Carpet and rug looms -							
Broad	23.4	37.4	37.1	37.4	43.8	44.6	42.3
Narrow	15.9	22.7	22.8	21.6	24.4	25.7	25.1

Import figures from the Bureau of Foreign and Domestic Commerce. Consumption and machinery activity from the Bureau of the Census. 1/ Weight of greasy, scoured, and skin wool added together. 2/ Figures for November based on 4 weeks October on 5 weeks, January-November on 48 weeks. 1938 figures for 53 weeks ended December 31. No adjustments made for holidays. 3/ Total of shorn and pulled wool. Pulled wool, grease basis, is in condition received from pulleries and is mostly washed.

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Prices of wool per pound in specified markets and prices of textile raw materials in the United States, selected periods 1938-40

Market and description	Average		1939		1940		
	1938	1939	Nov.	Dec.	Oct.	Nov.	Dec.
United States:	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Boston market -							
Territory, scoured basis -							
64s, 70s, 80s (fine)							
staple	70.4	82.7	105.4	105.8	104.5	108.5	108.5
56s (3/8 blood) combing	58.9	69.3	87.9	85.9	87.2	88.5	86.8
46s (low 1/4 blood)	52.4	62.6	81.7	79.0	78.5	79.5	79.5
Bright fleece, greasy -							
64s, 70s, 80s (fine)							
delaine	29.0	32.9	40.6	41.2	42.1	45.0	45.5
56s, (3/8 blood) combing	29.5	36.2	47.0	46.0	45.0	46.4	45.2
46s (low 1/4 blood)	28.3	35.5	46.6	45.5	43.6	44.5	44.5
Foreign wool - in bond at Boston 1/ -							
Sydney - scoured basis							
64s, 70s, combing	54.8	58.6	76.3	74.8	63.5	65.2	70.5
Cape - scoured basis							
12 months, combing	53.6	53.7	60.1	61.0	63.5	63.5	65.2
Montevideo - grease basis							
Merinos (60-64s)	22.4	26.1	35.5	32.5	32.5	33.5	33.5
1s (56s)	26.1	28.3	37.5	34.5	31.5	32.5	33.5
Prices received by farmers, grease basis, 15th of month	19.2	22.3	27.6	27.5	29.9	31.5	31.2
Textile fibers:							
Wool, territory fine staple 2/	70.4	82.7	105.4	105.8	104.5	108.5	108.5
Cotton, 15/16" Middling 3/	8.95	9.30	9.41	10.56	9.38	9.66	9.86
Silk, Japanese 4/	170.6	271.8	339.4	392.1	269.8	258.5	256.2
Rayon yarn, 150 denier 5/	52.2	51.5	53.0	53.0	53.0	53.0	53.0
Rayon staple fiber 6/							
Viscose 1-1/2 denier			25.0	25.0	25.0	25.0	25.0
Acetate 5 denier			46.0	46.0	43.0	43.0	43.0

Compiled from reports of the Agricultural Marketing Service except as otherwise noted.

1/ Before payment of duty. Compiled from the Boston Commercial Bulletin.
2/ Scoured basis, Boston market.
3/ Average at 10 markets. New series, 15/16" in place of 7/8" previously quoted.
4/ White, 13-15 denier, at New York, Bureau of Labor Statistics.
5/ Domestic yarn, first quality, Bureau of Labor Statistics.
6/ F.o.b. producing plants, Bureau of Labor Statistics.